

# WISE INVESTMENTS IN TRANSPORTATION TASKFORCE

---

JUNE 2016 • FINAL REPORT

## TASKFORCE MEMBERS

Joe Marine, Chair

Len Baron

Diane Cooper

Melanie Field

Marius Grigore

Laura McCarty

Cyndi Thomsen

Kevin Wilson

Councilmember Randy Lord, ex officio

*The Task Force also thanks Jeff Nicholson and Rick Norman for their contributions to our work*





## EXECUTIVE SUMMARY

The City Council created a Wise Investments in Transportation Task Force in June 2015, which has met and reviewed the City's street maintenance, bicycle, pedestrian, transit and transportation funding policies and plans. Composed of residents, the Task Force submitted an interim report to the City Council in December 2015 with several findings concerning the adequacy of transportation funding and the need for a multimodal system. The interim report was accepted by the City Council and the Task Force was directed to develop funding recommendations for consideration by the Mayor and City Council.

In completing its work, the Task Force used the following guiding principles:

- Mukilteo's transportation system is a vital element of the community's **quality of life**.
- **Prudent management** of infrastructure requires regular maintenance to ensure that the community's assets are in good repair, avoiding the need for costly and disruptive reconstruction once roadways have reached the point of failure.
- **Safety, connectivity, and synergy** are valued characteristics of Mukilteo's transportation assets.
- Values of **fairness** and **sustainability** compel us to place greater emphasis on creating a smart range of options for

transporting ourselves both within the city and around the region.

- A **long term vision** for transportation arrangements within our present city boundaries is just as important to us as a short term plan for coping with the realities we know.
- The City must **plan for growth** as increased population and employment lead to more pressure on our limited transportation infrastructure.



After eleven public meetings, two tours and extensive discussion and review, the Task Force makes the following findings:

- The City's current investment is inadequate to the pressing maintenance and preservation needs of our streets.
- The City needs to utilize the most cost-effective maintenance and preservation techniques, including techniques that have been used in the past.
- Additional investments in the City's transportation system should be measurable, transparent, and include strong public accountability.
- The City should invest in a complete transportation system that is accessible to all residents, with dedicated funding provided for bicycle, pedestrian and transit investments.

As directed by the City Council in January 2016, the Task Force has reviewed the City's transportation policies and historic funding levels and has developed a series of policy recommendations and three funding scenarios for consideration by the City Council.

**Policy Recommendations: The Task Force strongly urges the City Council to pass several transportation policy reforms to ensure that new and existing taxpayer funds are spent wisely and transparently.**

### ACCOUNTABILITY AND OVERSIGHT

The Task Force recommends the formation of a Transportation Benefit District to ensure that new funds are dedicated to transportation purposes, as well as the formation of a Transportation Commission composed of residents to ensure ongoing accountability and oversight.

### PAVEMENT MANAGEMENT

The Task Force recommends a hybrid approach to pavement management that utilizes multiple tools and strategies to make data-driven, cost-effective investments in preserving and extending the lifespan of the City's assets.



### COST EFFICIENCY

The Task Force recommends the City continue efforts to rigorously manage costs and improve project delivery for transportation investments.

The Task Force commends the City for partnering with larger agencies on pavement preservation projects to achieve lower costs for taxpayers. Future investments should be planned in conjunction with partner agencies to continue this approach.

**Funding Recommendations: The Task Force developed three separate options for additional funding. The Task Force recommends that the City Council, along with the Transportation Commission, periodically reevaluate transportation funding regardless of which scenario is selected.**

**OPTION A1: Implement a \$20 vehicle license fee and dedicate a portion of future REET revenues to transportation improvements.**

The City Council should form a Transportation Benefit District and impose a \$20 vehicle license fee, according to the provisions in state law. In addition, the City should dedicate 65% of future REET II revenues to transportation improvements, with a minimum of \$450,000 per year in REET revenue being dedicated to transportation. This option would generate approximately \$1 million for transportation improvements in 2017, which would provide the minimal level of \$900,000 for street preservation and provide some modest funding for implementation of the BTW plan as well.

**OPTION A2: Implement a \$20 vehicle license fee, dedicate a portion of future REET revenues to transportation improvements, and declare the City's intent to increase the vehicle license fee to \$40 in 2019.**

The City Council should form a Transportation Benefit District and impose a \$20 vehicle license fee, according to the provisions in state law. In addition, the City should dedicate 65% of future REET II revenues to transportation improvements, with a minimum of \$450,000 per year in REET revenue being dedicated to transportation. In order to fully address the ongoing infrastructure needs of the City, the City Council should publicly declare its intention to raise the vehicle license fee to \$40 and provide more funding to address the maintenance backlog identified in the Pavement Management Budget Options Report. This option would generate approximately \$1 million for transportation improvements in 2018 and \$1.5 million in 2019.

**OPTION B: Implement a \$20 vehicle license fee, dedicate a portion of future REET revenues to transportation improvements, increase waterfront parking rates by 25 cents, and raise business license fees by 10%**

The City Council should form a Transportation Benefit District and impose a \$20 vehicle license fee, according to the provisions in state law. In addition, the City should dedicate 65% of future REET II revenues to transportation improvements, with a minimum of \$450,000 per year in REET revenue being dedicated to transportation. In order to provide additional resources for transportation investments and ensure that all user groups are sharing in the cost of investments, this scenario also proposes raising waterfront parking rates by \$0.25 and dedicating all revenues from non-park meters to transportation improvements, and increasing business license fees by 10%. This option would generate approximately \$1.1 million for transportation improvements in 2017, which would provide the minimal level of \$900,000 for street preservation and provide more robust funding for implementation of the BTW plan as well.

**What is the BTW plan?**

The City of Mukilteo is currently completing work on its first "By the Way" plan focused on biking, transit and walking. The plan will create a single, coordinated plan to encourage and support transportation choices in Mukilteo. The plan will identify key corridors for biking, transit and walking and propose short, medium and long term investments to improve connectivity throughout the City. The Wise Investments in Transportation Task Force served as an advisory committee during the development of the BTW plan.

*The Task Force recommends that the City adopt a predictable, ongoing, dedicated revenue source to fund both street maintenance and preservation and for bicycle, pedestrian, and transit improvements from one of the options presented, all of which include creation of a Transportation Benefit District BTW plan as well.*



**BACKGROUND**

The Wise Investment in Transportation Task Force was created in June 2015 through Resolution 2015-16. The resolution set out the composition and responsibilities of the task force:

- It is made up of residents, stakeholders and experts to advise the city on transportation matters.
- It was created to provide independent analysis regarding the city's transportation policies, infrastructure needs and funding strategies
- The Task Force would review existing policies and plans including the Comprehensive Plan, Transportation Improvement Plan and pavement management and active transportation plans.

- The Task Force would make recommendations regarding transportation policies, levels of service, identified gaps in infrastructure, investment needs, identified costs, funding and financing strategies.

The Task Force developed a work plan for 2015 that focused on creating a common baseline of knowledge of transportation policies and programs. At the end of 2015, the Task Force submitted an interim report to the City Council with several findings concerning the adequacy of transportation funding and the need for a multimodal system. The interim report was accepted by the City Council with several findings concerning the adequacy of transportation funding and the need for a multimodal system. The interim report was accepted by the City Council and the Task Force was directed to develop funding recommendations for consideration by the Mayor and City Council.



The interim report and the work of the Task Force identified the clear need for additional investment in the City's transportation infrastructure. Analysis completed by the City in 2015 established the need for a minimum of \$900,000 per year for pavement management, with as much as \$1.5 million per year needed to maintain the current state of City streets. Despite this clear need, historic data showed the City's average annual investment in street maintenance to be \$437,500—less than half of the minimum recommended investment.

The Task Force identified the lack of dedicated transportation funding as a key reason why the City was not able to regularly fund street preservation at recommended levels. The City's main funding source for street maintenance—the real estate excise tax—is also the primary source for other capital improvements for parks, the construction of the Community Center, and capital improvements to City facilities. As pressing capital needs in other areas have emerged over the years, this has impacted the City's ability to fund street maintenance at adequate levels.

In examining possible funding scenarios for transportation investments, the Task Force learned about the constraints on existing revenue sources. Nearly half of the City's budget funds critical public safety services in the Police and Fire Department, which are the City's most important priorities. The City could not allocate adequate funding for transportation improvements from existing revenue sources, without substantially impacting the quality and scope of existing public services.

The City has been fortunate that much of the community is served by streets built in the last 30 years, which have been kept in good repair with the investments the City has been able to afford. But for older neighborhoods in the City, the lack of adequate street maintenance funding has meant leaving failing streets in poor condition without the resources to rebuild them. Additionally, the newer streets are nearing their life expectancy and without adequate funding to maintain them, the City's entire system will begin to decay in the near future.

The Task Force also studied the need and opportunity to build a complete transportation system, with safe and accessible connections for all users—including those who bike, walk and use public transit. The Task Force identified great interest by residents for an integrated system, but noted that the City has not been able to fund the substantial investments required to build missing sidewalk and bicycle infrastructure. Setting aside modest amounts of dedicated funding in the future would enable the City to compete for regional and statewide grant programs to fund these projects. The Task Force noted that a grant-based approach would allow the City to construct important projects, while only being responsible for a fraction of the total cost to match state and federal investments.

The Task Force spent several months understanding the funding tools available to the City and weighing the strengths and weaknesses of each funding tool. City staff constructed multiple varying scenarios and further refined these scenarios at the direction of the Task Force. The

potential funding scenarios considered by the Task Force included options that required voter approval and options that could be approved by the City Council. In addition, City staff provided some analysis of the funding scenarios on various user types, including homeowners, renters, visitors, small and large businesses.



## GUIDING PRINCIPLES

The Task Force developed and presented the following guiding principles during 2015 and presented these principles in the interim report. These guiding principles continue to inform and frame the development of the funding scenarios, which are presented for consideration by the Mayor and City Council.

- Mukilteo's transportation system is a vital element of the community's **quality of life**.
- **Prudent management** of infrastructure requires regular maintenance to ensure that the community's assets are in good repair, avoiding the need for costly and disruptive reconstruction once roadways have reached the point of failure.
- **Safety, connectivity, and synergy** are valued characteristics of Mukilteo's transportation assets.
- Values of **fairness** and **sustainability** compel us to place greater emphasis on creating a smart range of options for transporting ourselves both within the city and around the region.
- A **long term vision** for transportation arrangements within our present city boundaries is just as important to us as a short term plan for coping with the realities we know.
- The City must **plan for growth** as increased population and employment lead to more pressure on our limited transportation infrastructure.



## TASK FORCE FINDINGS

The Task Force has examined historic levels of funding for transportation infrastructure and finds the City's current investment inadequate to the pressing maintenance and preservation needs of our streets. Over the course of its work, the Task Force has reached a consensus that the \$900,000 annual level of funding recommended in the City's Pavement Management Budget Options Report is the minimum that the City should invest. Several members of the Task Force supported a higher \$1.5 million annual investment, which was the amount necessary to preserve the current pavement rating according to the report and city staff. The Task Force agrees that more than \$900,000 per year is likely required and that further evaluation of future funding levels should be based on the biennial Pavement Condition Index.

The Task Force also finds that the City needs to utilize the most cost-effective maintenance and preservation techniques. For several years, the City used chip seals to reduce costs and provide maximum maintenance of City streets.

This technique has not been used in recent years, although it should be reexamined as part of a comprehensive pavement management strategy that matches the most cost-effective technique as appropriate to the needs of particular streets. Task Force members are insistent that the City rigorously examine cost estimates and look for opportunities to partner with larger agencies to deliver projects at the lowest cost possible to taxpayers.

The Task Force finds that additional investments in the City's transportation system should be measurable, transparent, and include strong public accountability. The Task Force does not propose asking residents for more taxes and fees lightly, this additional cost must be accompanied by stronger and improved accountability and performance measurement. The decision to raise additional funding should be made with the input and participation of the public, any plan should include

strong two-way communication and public education with residents and businesses.

The Task Force further finds that the City should invest in a complete transportation system that is accessible to all residents, with dedicated funding provided for bicycle, pedestrian and transit investments. A complete transportation system requires thoughtful planning and investment in bicycle, pedestrian and transit systems, alongside the City's street investments. The Task Force endorses the new Bike, Transit, Walking planning approach that identifies a cohesive system for residents to access schools, parks, and other destinations safely and efficiently. The City should allocate specific funding for bicycle, pedestrian and transit improvements as prioritized in the BTW plan. In addition, dedicated funding will allow the City to provide matching funds to match state and federal grants for larger projects.

## TASK FORCE RECOMMENDATIONS

**Policy Recommendations: The Task Force strongly urges the City Council to pass several transportation policy reforms to ensure that new and existing taxpayer funds are spent wisely and transparently.**

### ACCOUNTABILITY AND OVERSIGHT

The Task Force recommends the formation of a Transportation Benefit District to ensure that new funds are dedicated to transportation purposes, as well as the formation of a Transportation Commission composed of residents to ensure ongoing accountability and oversight.

In addition, the Task Force recommends City staff and the Transportation Commission collaborate to refine levels of service and identify gaps, and based on these data create meaningful performance measures to assess progress in meeting transportation system improvements. The City should also consider the development of a Transportation Master Plan to integrate existing pavement management, active transportation and trails plans into one comprehensive, prioritized strategy for transportation.

### PAVEMENT MANAGEMENT

The Task Force recommends a hybrid approach to pavement management that utilizes multiple tools and strategies to make data-driven, cost-effective investments in preserving and extending the lifespan of the City's assets.

The City should reevaluate chip sealing as one strategy among many to prudently maintain City streets. Regardless of the technique being used, the City should invest in improved public outreach to accompany pavement

preservation projects to better prepare residents and businesses for project impacts and explain the benefits of the program to the community.

The City should focus on both maintaining existing streets in good and very good condition and repairing streets in poor condition. Placing too much focus on either category is detrimental to prudent management of the City's valuable street assets.

#### How are City streets rated?

The City of Mukilteo uses a nationally-recognized system of objectively rating the condition of all streets according to a Pavement Condition Index (PCI). It is a statistical measure that requires a manual survey of pavement conditions on every street segment in the City. An initial baseline measurement was developed in 2007, and in 2014 the City committed to a biennial evaluation to ensure data-driven investments in street maintenance. The third survey of pavement conditions will be completed in the summer of 2016.

### COST EFFICIENCY

The Task Force recommends the City continue efforts to rigorously manage costs and improve project delivery for transportation investments. The Task Force commends the City for partnering with larger agencies on pavement preservation projects to achieve lower costs for taxpayers. Future investments should be planned in conjunction with partner agencies to continue this approach.

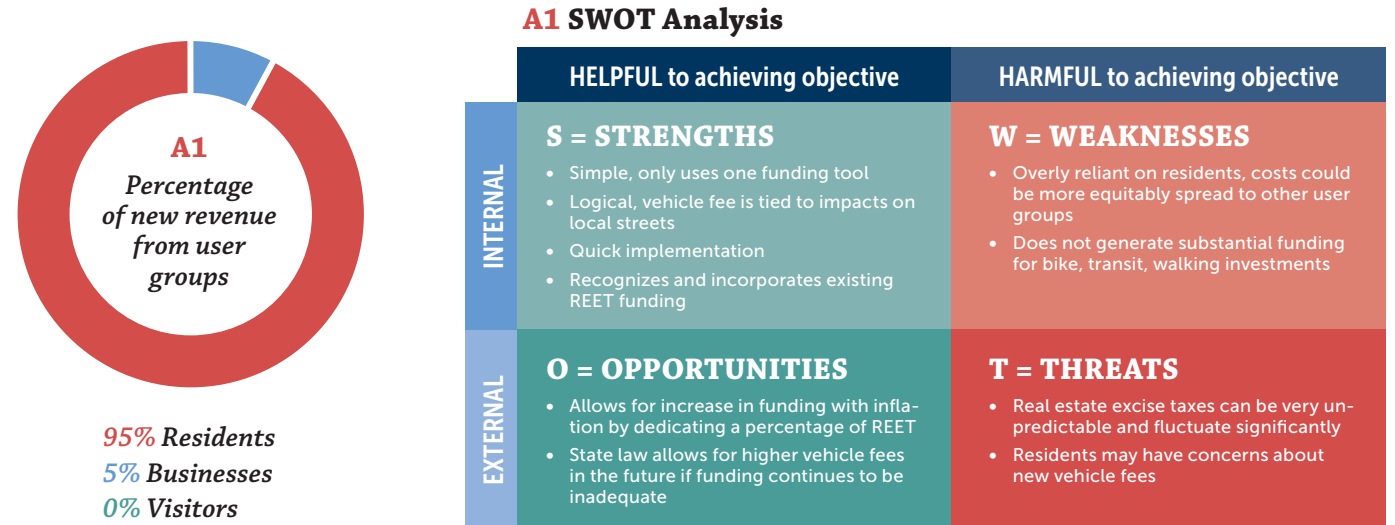
The City should examine opportunities to develop in-house capabilities for smaller scale, routine work to contain costs, minimize risks and improve project quality. In particular, the implementation of the Americans with Disabilities Act Transition Plan for public right-of-way improvements could potentially be delivered at lower cost by training City crews to perform improvements.

**Funding Recommendations:** The Task Force developed three separate options for additional funding. There was unanimous support for adoption of option A1 at a minimum, with some members of the Task Force supporting options A2 or B to provide more sustainable levels of long-term funding for transportation. The Task Force recommends that the City Council, along with the Transportation Commission, periodically reevaluate transportation funding regardless of which scenario is selected.

**OPTION A1: Implement a \$20 vehicle license fee and dedicate a portion of future REET revenues to transportation improvements.**

The City Council should form a Transportation Benefit District and impose a \$20 vehicle license fee, according to the provisions in state law. In addition, the City should dedicate 65% of future REET II revenues to transportation improvements, with a minimum of \$450,000 per year in REET revenue being dedicated to transportation.

Initial projections suggest this would generate approximately \$1 million for transportation improvements in 2017, which would provide the minimal level of \$900,000 for street preservation and provide some modest funding for implementation of the BTW plan as well.



**OPTION A2: Implement a \$20 vehicle license fee, dedicate a portion of future REET revenues to transportation improvements, and declare the City’s intent to increase the vehicle license fee to \$40 in 2019.**

The City Council should form a Transportation Benefit District and impose a \$20 vehicle license fee, according to the provisions in state law. In addition, the City should dedicate 65% of future REET II revenues to transportation improvements, with a minimum of \$450,000 per year in REET revenue being dedicated to transportation. In order to fully address the ongoing infrastructure needs of the City, the City Council would publicly declare its intention to raise the vehicle license fee to \$40 and provide more funding to address the maintenance backlog identified in the Pavement Management Budget Options Report.

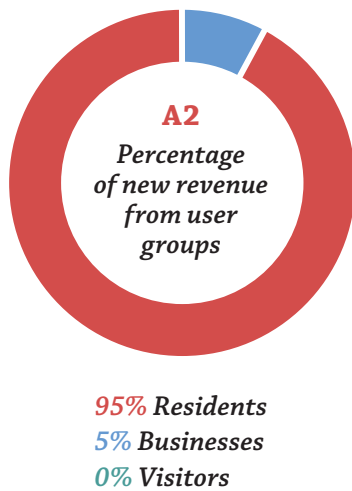
Initial projections suggest this would generate approximately \$1 million for transportation improvements in 2018 and \$1.5 million in 2019.

Because this option relies on future action by the City

**What is a transportation benefit district?**

In 1987, the State Legislature created Transportation Benefit Districts (TBDs) as an option for local governments to fund transportation improvements. A TBD could enable the City to fund necessary transportation projects without raising property taxes for this purpose. State law allows cities and counties to establish TBDs and impose various taxes and user fees to generate revenues to support transportation improvements within the district. A TBD is a quasi-municipal corporation and independent taxing district created for the sole purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the district. The state legislature provided local governments with these tools because inflation has eroded the local share of gas tax and a series of statewide ballot initiatives passed over the last 15 years have eliminated other traditional sources of funding for local transportation needs.

Council, some members were not convinced it constituted a separate, distinct option. But there were several members who continued to believe that a higher \$1.5 million annual investment is necessary to maintain the City's streets and this was the best course of action to reach that funding level.



### A2 SWOT Analysis

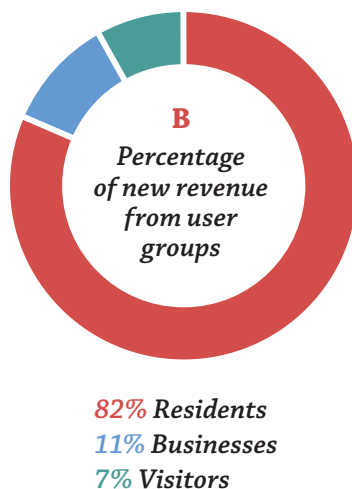
	HELPFUL to achieving objective	HARMFUL to achieving objective
INTERNAL	<b>S = STRENGTHS</b> <ul style="list-style-type: none"> <li>Simple, only uses one new funding tool</li> <li>Logical, vehicle fee is tied to impacts on local streets</li> <li>Quick implementation with long-term strategy</li> <li>Recognizes and incorporates existing REET funding</li> </ul>	<b>W = WEAKNESSES</b> <ul style="list-style-type: none"> <li>New revenue is overly reliant on residents, costs could be more equitably spread to other user groups</li> <li>In the short term, does not generate substantial funding for bike, transit, walking investments</li> </ul>
EXTERNAL	<b>O = OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>Allows for increase in funding with inflation by dedicating a percentage of REET</li> <li>Gradual increase in vehicle fees generates sustainable, long-term funding without initial sticker shock of one large increase</li> </ul>	<b>T = THREATS</b> <ul style="list-style-type: none"> <li>Future City Council could decide not to raise the vehicle fee further</li> <li>Real estate excise taxes can be very unpredictable and fluctuate significantly</li> <li>Residents may have concerns about new vehicle fees</li> </ul>

### OPTION B: Implement a \$20 vehicle license fee, dedicate a portion of future REET revenues to transportation improvements, increase waterfront parking rates by 25 cents, and raise business license fees by 10%.

The City Council should form a Transportation Benefit District and impose a \$20 vehicle license fee, according to the provisions in state law. In addition, the City should dedicate 65% of future REET II revenues to transportation improvements, with a minimum of \$450,000 per year in REET revenue being dedicated to transportation.

In order to provide additional resources for transportation investments and ensure that all user groups are sharing in the cost of investments, this scenario also proposes raising waterfront parking rates by \$0.25 and dedicating all revenues from non-park meters to transportation improvements, and increasing business license fees by 10%.

Initial projections suggest this would generate approximately \$1.1 million for transportation improvements in 2017, which would provide the minimal level of \$900,000 for street preservation and provide more robust funding for implementation of the BTW plan as well.



### B SWOT Analysis

	HELPFUL to achieving objective	HARMFUL to achieving objective
INTERNAL	<b>S = STRENGTHS</b> <ul style="list-style-type: none"> <li>Consistent, fair and robust</li> <li>Asks all user groups to contribute to transportation improvements, to balance the financial burden</li> <li>Logical, parking and vehicle fees are transportation-related</li> <li>Quick implementation</li> <li>Recognizes and incorporates existing REET funding</li> </ul>	<b>W = WEAKNESSES</b> <ul style="list-style-type: none"> <li>More complicated, relies on multiple increases</li> <li>Increasing fees for the waterfront parking program is controversial</li> </ul>
EXTERNAL	<b>O = OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>Allows for increase in funding with inflation by dedicating a percentage of REET</li> <li>State law allows for higher vehicle fees in the future if funding continues to be inadequate</li> </ul>	<b>T = THREATS</b> <ul style="list-style-type: none"> <li>Real estate excise taxes can be very unpredictable and fluctuate significantly</li> <li>Residents may have concerns about new vehicle fees</li> <li>Businesses may have concerns about parking rates and business license fee increases</li> </ul>





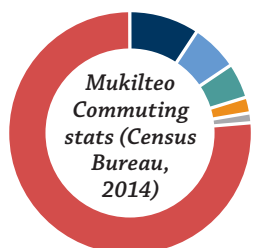
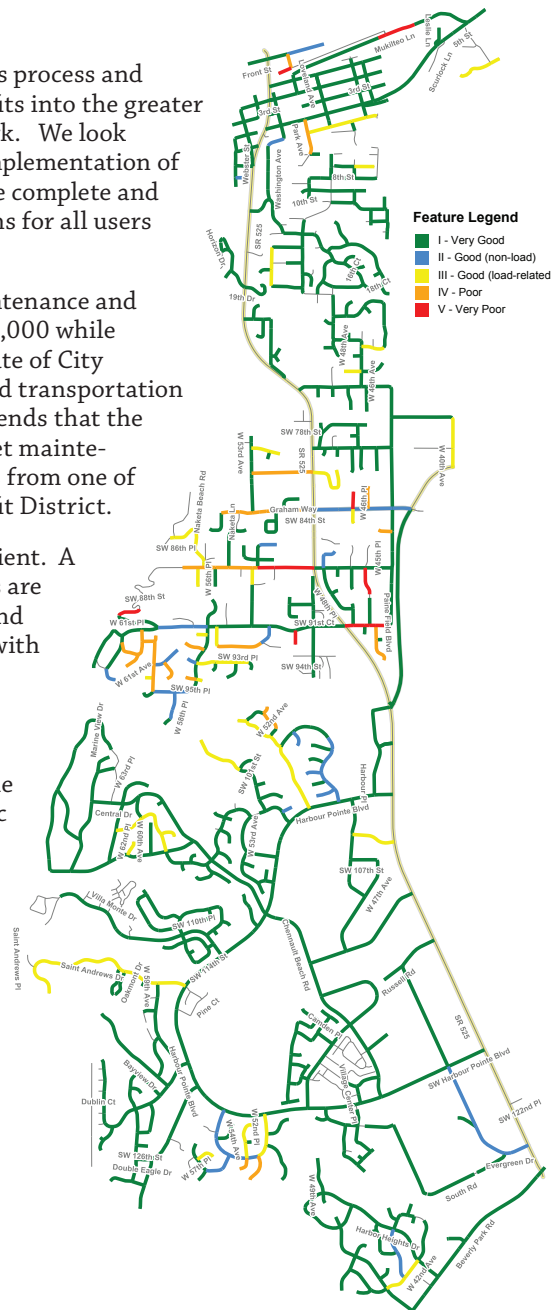
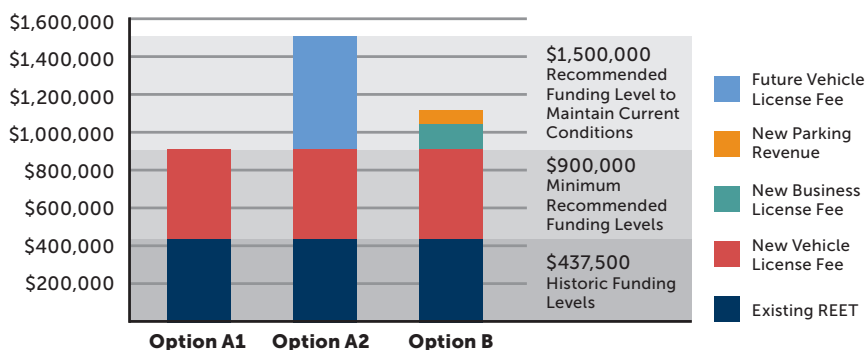
## CONCLUSION

The Task Force appreciated the opportunity to participate in this process and enjoyed learning more about pavement, transportation, how it fits into the greater web of city functions and how various funding mechanisms work. We look forward to further assisting the city in the consideration and implementation of these recommendations. We look forward to working together to build a more complete and integrated transportation system that provides safe and accessible connections for all users and for all modes.

In summary, the Task Force finds that in recent years, funding for street maintenance and preservation has been inadequate. Annual spending needs to be at least \$900,000 while annual expenditures of \$1.5 million are necessary to maintain the current state of City streets. In addition, while there is broad support for a complete and integrated transportation system, funding to achieve this has been inadequate. The Task Force recommends that the City adopt a predictable, ongoing, dedicated revenue source to fund both street maintenance and preservation and for bicycle, pedestrian, and transit improvements from one of the options presented, all of which include creation of a Transportation Benefit District.

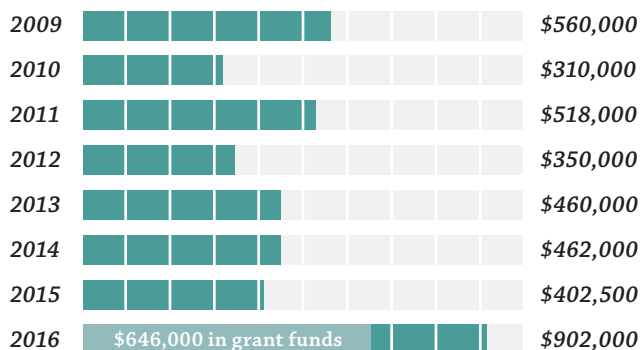
The City's street maintenance and preservation program needs to be cost efficient. A hybrid approach should be used where a variety of best management practices are used depending on the situation. In-house capabilities should be developed and maximized for smaller scale routine work. The City should continue to work with partner agencies to achieve lower costs for street maintenance.

In addition to new funding, tools must be created to ensure that new revenue is spent efficiently, effectively, and only on transportation projects. The tools must be capable of measuring the results of the spending as well as making the spending decisions as transparent as possible. Also, there should be a periodic review of transportation revenue sources to ensure the funding amounts are adequate and the burden is shared as equitably as possible. A Transportation Commission should be formed to take on this task.



77% drive alone to work  
11% carpool or vanpool  
6% work from home  
4% public transportation  
2% walk to work  
< 1% bike to work

Street preservation spending over time:  
(City budgets, 2009-2016)



Basic street stats:  
(City report, 2015)

**61** 61 miles of City streets  
**95** 95% in Good or Very Good condition  
**77** Current pavement rating: 77/100